

## Message Text

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PAGE 01 THE HA 00193 141559Z

46

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 SCEM-02 INT-08 FPC-01 AID-20

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

NSC-10 SS-20 STR-08 CEA-02 L-03 H-03 DODE-00 PA-04

USIA-15 PRS-01 NEA-10 EA-11 DRC-01 /201 W

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R 141505Z JAN 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2745

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS THE HAGUE 0193

E.O. 11652: N/A

TAGS: ENRG, XT

SUBJ: DUTCH EXPORTS OF NATURAL GAS

1. IN HEAT OF EC ENERGY DEBATES SINCE OAPEC BOYCOTT AGAINST HOLLAND WAS IMPOSED LAST OCTOBER, GON SPOKESMEN, INCLUDING PRIMIN DEN UYL, HAVE ON OCCASION YIELDED TO TEMPTATION TO POINT OUT THAT DUTCH GAS IS, OR WILL SOON BECOME, IMPORTANT TO ENERGY SUPPLY OF FOUR EC COUNTRIES (PLUS SWITZERLAND) AND THAT CONTINUED SHIPMENTS COULD BE THREATENED IF DUTCH ENERGY SITUATION SHOULD BECOME CRITICAL. DUTCH HAVE BEEN CAREFUL NOT TO OVERPLAY THIS THEME SINCE THEY ARE VOCAL EXPONENTS OF FREE TRADE IN ENERGY WITHIN EC; BUT TWO LOCAL UNCLASSIFIED UNCLASSIFIED

PAGE 02 THE HA 00193 141559Z

PRESS REPORTS LAST WEEK, APPARENTLY BASED ON DATA FROM OFFICIALS SOURCES, SIGNALLED GON INTENTION TO NEGOTIATE

SUBSTANTIALLY HIGHER PRICES FOR DUTCH GAS AS SOON AS POSSIBLE.

2. DUTCH GAS EXPORTS ARE CONDUCTED BY NAM GAS EXPORT, A SHELL/EXXON JOINT VENTURE WITH GON PARTICIPATION. EXPORT CONTRACTS PRESENTLY IN FORCE ARE SHOWN IN TABLE BELOW (WITH COUNTRY TAGS):

| BUYER               | TOTAL<br>ORDERED<br>(BILLION M3) | PEAK YEAR<br>DELIVERY<br>(BILLION M3) | TOTAL PERIOD<br>(YEARS) |
|---------------------|----------------------------------|---------------------------------------|-------------------------|
| DISTRIGAZ (BE)      | 181                              | 11                                    | 20                      |
| GAZ DE FRANCE (FR)  | 185                              | 11                                    | 20                      |
| DETG-STUTTGART (GW) | 31                               | 1.5                                   | 20                      |
| EWE-OLDENBURG (GW)  | 18                               | 1                                     | 20                      |
| VEW (GW)            | 26                               | 1                                     | 20                      |
| RWE (GW)            | 15                               | 1                                     | 20                      |
| RUHRGAS (GW)        | 167                              | 1                                     | 25                      |
| THYSSENGAS (GW)     | 103                              | 4                                     | 25                      |
| BRIGITTA (GW)       | 50                               | 2.5                                   | 20                      |
| SNAM (IT AND SZ)    | 135                              | 7                                     | 20                      |
| TOTALS              | 911                              | 56                                    | --                      |

3. ALL AGREEMENTS EXCEPT WITH SNAM (ENI) HAVE PRICE ESCALATION CLAUSES BASED ON INDEX OF HEAVY FUEL OIL PRICES IN MARKET COUNTRIES. AS NEXT RENEGOTIATION IS NOT SCHEDULED UNTIL OCTOBER 1, 1976 NEW PRICES CANNOT BE ACTUALLY FIXED UNTIL THEN BUT WE UNDERSTAND THEY CAN BE APPLIED RETROACTIVELY. GON REPORTEDLY FORESEES THAT HEAVY HEATING OIL PRICES WILL HAVE RISEN IN MARKET COUNTRIES BY AT LEAST 70 PERCENT BEFORE 1976.

4. AGREEMENT WITH ITALY CONTAINS NO ESCALATION. IT WAS NEGOTIATED IN 1971 BY THEN FOREIGN MINISTER LUNS WITH EYE TO DISCOURAGING ITALIAN DEPENDENCE ON SOVIET GAS. PORTION OF DELIVERIES TO ITALY DESTINED FOR SZITZERLAND (MAXIMUM OF 1 BILLION M 3 PER YEAR) ARE HOWEVER SUBJECT TO ESCALATION. GON OFFICIALS TELL US THAT EFFORT WILL SOON BE MADE TO RENEGOTIATE FIXED PRICE IN ITALIAN CONTRACT THOUGHT DUTCH  
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PAGE 03 THE HA 00193 141559Z

MAY HAVE TO GIVE UP SOMETHING IN RETURN, E.G. LARGER DELIVERIES.

5. ALL CONTRACTS PERMIT SOME FLEXIBILITY IN TEMPO OF DELIVERY. SINCE THERE ARE TECHNICAL LIMITATIONS ON GROSS OUTPUT PER ANNUM DUTCH MAY HAVE TO INVOKE FORCE MAJEURE IF ALL CUSTOMERS EXERCISE THEIR OPTIONS TO ACCELERATE DELIVERIES IN YEARS IMMEDIATELY AHEAD. SINCE EXPORT CONTRACTS ALREADY CONCLUDED ADD UP TO ONE-THIRD OF TOTAL PROVEN DUTCH GAS RESERVES AND SINCE DOMESTIC DEMAND WILL RISE

SHARPLY AS REMAINING OIL USERS CONVERT TO GAS WE CAN EXPECT  
DUTCH TO ADOPT TOUGH STAND WITH EXPORT CUSTOMERS ON BOTH  
PRICE AND DELIVERY TIMING OVER NEXT DECADE.  
GOULD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM PRODUCTS, PRESS COMMENTS, FUEL OIL, BOYCOTTS, GASES, EXPORT DATA, PRICES, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974THEHA00193  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** N/A  
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**Film Number:** n/a  
**From:** THE HAGUE  
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